



Market Update

Friday, 08 November 2019

Global Markets

Asian stocks retreated from six-month highs on Friday on uncertainty over whether and when the United States and China will seal a deal marking a truce in their trade war that has slowed economic growth and roiled markets.

Global markets rallied overnight on news the two countries have agreed to roll back tariffs on each other's goods as part of the first phase of a trade deal. But markets ran into profit taking during Asian hours on worries the pact could still fall apart as an outside adviser to Trump said there was no specific agreement for a phased rollback of the tariffs.

Multiple sources familiar with the talks said the plan faced fierce internal opposition at the White House and from outside advisers. MSCI's gauge of Asia-Pacific shares outside Japan was off 0.2% at 536.43 after rising to 538.77, a level not seen since early May. For the week, it is so far up more than 2%.

Tokyo's Nikkei which earlier in the day climbed to a 13-month high, gave up some of the gains to be last up 0.05%. Chinese shares were firm with the blue-chip index up 0.4%. "The noise coming from Washington DC was not quite so upbeat, with reports of conflicts amongst White House advisors on the merits of the plan," said Jeffery Halley, senior market analyst at OANDA. "That said, despite the lack of detail and a concrete timeline for even signing an interim trade deal, progress does at least appear to be being made. As ever, the caveat here is the unpredictable nature of the White House."

E-mini futures for the S&P 500 were down 0.2% while Dow minis ticked 0.1% lower. Overnight on Thursday, U.S. stocks pared gains on the report of the opposition to the deal in Washington but the Dow and S&P 500 did end at all-time closing highs. The Nasdaq missed a record close by less than two-tenths of a point. As investors wound back their buying in safe assets, the 10-year U.S. Treasuries yields jumped to 1.9730% on Thursday to a three-month peak, and last stood at 1.9138%.

In the currency market, safe-haven currencies lost some of their edge, though moves were small. The dollar climbed to 109.22, reaching a five-month high of 109.49 the previous day. The offshore yuan traded at 6.9768 yuan per, not far from a three-month high of 6.9530 per dollar in U.S. trade on Thursday. The euro was steady at \$1.1051, having marked a low of \$1.10355 in U.S. trade, its weakest since Oct. 16. That helped to push up the dollar index to three-week highs of 98.236. The index last stood at 98.112.

Gold was a tad firmer at \$1,468.7844 per ounce, having hit a five-week low of \$1,460.7 on Thursday. Oil prices slipped with U.S. West Texas Intermediate (WTI) crude sing 22 cents to \$56.93 per barrel. Brent was down 11 cents at \$62.18.

Domestic Markets

South Africa's rand resumed its advance on Thursday, brushing off a batch of depressing economic data amid renewed expectations that China and the United States will reach a trade deal. At 1500 GMT the rand was 0.51% firmer at 14.7500 per dollar, a touch off its session best of 14.7140, after kicking off the session at 14.8200.

An official from the Chinese commerce ministry said Washington and Beijing have agreed in the past two weeks to cancel tariffs in different phases. The news rolled back the previous day's market jitters triggered by a senior Trump administration official saying a meeting between President Donald Trump and his Chinese counterpart Xi Jinping to sign an interim trade deal could be delayed to year-end. It also helped the rand weather a dip in business confidence and a contraction in manufacturing that rekindled concern about another poor quarterly growth print.

Industrial output fell 2.4% year-on-year in September and by the same margin on a monthly basis. "A subdued demand environment continues to plague the domestic economy," said Investec economist Lara Hodes. "This implies that the manufacturing sector should detract from topline economic growth in the third quarter," Hodes said.

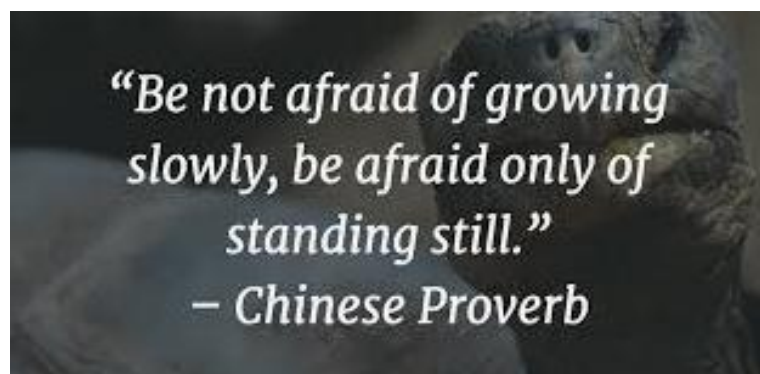
Bonds were firmer, with the yield on the benchmark paper due in 2026 down 3 basis at 8.39%. Analysts said, however, that commodity-linked, liquid currencies like the rand would continue to seesaw as negotiations between the two economic superpowers drag on.

On the bourse, stocks were flat as a drop in business confidence and disappointing local manufacturing data hurt local equities, while the stronger rand pulled dual-listed stocks down.

The benchmark Johannesburg Stock Exchange Top-40 Index was down 0.36% to 51,223.34 points while the broader All-Share Index slipped 0.41% to 57,414.45 points. "[With] manufacturing data, we had numbers that came out today that were pretty disappointing," said Bruno van Eck, trader at Thebe Stockbroking. "And with the rand strengthening because of this U.S.-China trade announcement that came out this morning, that's obviously put a bit of a dampener onto the dual listed stocks."

Retailer The Foschini Group fell to the bottom of the blue-chip index, losing 2.87% to 166.72 rand after it warned on a cautious outlook for its South African business. Grocer Shoprite followed close behind, dropping 2.43% to 137.99 rand.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS		08 November 2019			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.099	0.068	7.031	7.099
6 months	↑	7.257	0.024	7.233	7.257
9 months	↑	7.427	0.074	7.353	7.427
12 months	↑	7.492	0.034	7.458	7.492
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC20 (BMK: R207)	↓	6.506	-0.009	6.515	7.245
GC21 (BMK: R2023)	↑	8.089	0.012	8.077	8.149
GC22 (BMK: R2023)	↑	8.128	0.018	8.110	8.146
GC23 (BMK: R2023)	↑	8.292	0.004	8.288	8.305
GC24 (BMK: R186)	↑	8.971	0.005	8.966	8.969
GC25 (BMK: R186)	↑	8.995	0.008	8.987	8.997
GC27 (BMK: R186)	↑	9.083	0.003	9.080	9.084
GC30 (BMK: R2030)	↓	9.627	-0.021	9.648	9.645
GC32 (BMK: R213)	↑	10.176	0.015	10.161	10.192
GC35 (BMK: R209)	↑	10.705	0.015	10.690	10.718
GC37 (BMK: R2037)	↑	10.697	0.022	10.675	10.835
GC40 (BMK: R214)	↑	11.096	0.002	11.094	11.098
GC43 (BMK: R2044)	↑	11.246	0.135	11.111	11.262
GC45 (BMK: R2044)	↑	11.408	0.093	11.315	11.424
GC50 (BMK: R2048)	↑	11.276	0.105	11.171	11.293
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	→	4.367	0.000	4.367	4.368
GI25 (BMK: NCPI)	→	4.651	0.000	4.651	4.684
GI29 (BMK: NCPI)	↓	5.610	-0.002	5.612	5.612
GI33 (BMK: NCPI)	↓	6.128	-0.005	6.133	6.129
GI36 (BMK: NCPI)	↓	6.427	-0.028	6.455	6.450
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	1,468.48	-1.48%	1,490.57	1,470.81
Platinum	↓	909.79	-2.14%	929.65	907.90
Brent Crude	↑	62.29	0.89%	61.74	61.88
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Overall Index	↓	616.26	-0.22%	617.63	616.26
JSE All Share	↓	57,136.13	-0.60%	57,483.00	57,136.13
S&P 500	↑	3,085.18	0.27%	3,076.78	3,085.18
FTSE 100	↑	7,406.41	0.13%	7,396.65	7,406.41
Hangseng	↓	27,588.26	-0.93%	27,847.23	27,588.26
DAX	↑	13,289.46	0.83%	13,179.89	13,289.46
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↓	16,506.36	-0.18%	16,536.13	16,534.57
Resources	↓	47,330.31	-0.53%	47,584.70	47,115.65
Industrials	↓	70,675.26	-0.32%	70,900.28	69,783.48
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	14.74	-0.47%	14.81	14.78
N\$/Pound	↓	18.90	-0.79%	19.05	18.94
N\$/Euro	↓	16.29	-0.67%	16.40	16.34
US Dollar/ Euro	→	1.11	0.00%	1.11	1.11
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	3.26	3.71	4.10	4.30
Prime Rate	↓	10.25	10.50	10.00	10.00
Central Bank Rate	↓	6.50	6.75	6.50	6.50

Notes to the table:

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing

Important Note:

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Source: Thomson Reuters



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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